

Kelsian keeps on bussing

Company/ASX Code	Kelsian Group/KLS
AGM time and date	10.00am (ACDT) Tuesday, 27 October 2026
Location	U-City Function Centre 43 Franklin Street, Adelaide SA
Registry	Boardroom
Type of meeting	In person, with Zoom webcast (viewing only)
Monitor	James Hahn assisted by Greg O'Connell and Tony Greco
Pre-AGM Meeting	Yes, with Chair

Monitor Shareholding: The individuals or their associates involved in the preparation of this voting intention have no shareholding in this company.

1. How we intend to vote

No.	Resolution description	
1	Adoption of Remuneration Report	For
2	Re-election of Director – Ms. Caroline Elliot	For
3	Re-election of Director – Ms. Jacqueline McArthur	For
4	Approval of Grant of FY27 Performance Rights to the Group CEO	For
5	Approval of Restricted Rights to the Group CEO	For
6	Insertion of Proportional Takeover Provisions into the Kelsian Constitution	For

2. Summary of Issues and Voting Intentions for AGM

- Explain present and future capital allocation policy and possible variations between locations.
Kelsian has now stabilised its' capital base and is adopting a strict capital allocation regime.
- Discuss the relationship of the company's WACC and ROIC and how it relates to the bidding process.
- WACC varies between jurisdictions due to different risk profiles, therefore a varied approach is taken to ensure ROIC remains above WACC.
- Discuss the Company's bidding advantages and Contract's time length.

- Kelsian believes its industry experience and proprietary scheduling software provide a competitive advantage when bidding for contracts. Contract durations vary across jurisdictions.

3. Matters Considered

Accounts and reports

Kelsian announced a 17% increase in statutory profit for 2026 and a slightly increased dividend of 18 cents. Revenue increased by 9%, Net Operating cash flow remains strong, and leverage is further reduced to within the target of 2.0- and 2.5-times Underlying EBITDA.

Kelsian is a leading global operator of bus, motorcoach and marine services. The business operates across three divisions – Australia Bus, International Bus, and Marine and Tourism. It employs 13,300 people and operates over 6,500 buses, 122 vessels and that delivered 384 million customer journeys in FY25. With over 90% of revenue contracted in long term corporate or government agreements the revenue is largely non-discretionary, making cash flows stable and predictable. Also, most of the contracts are inflation indexed, which reduces operating risks. However, it should be noted that contracts expire regularly and can be competitive.

The company has announced that it has entered into binding sales agreements to the Group Tourism Portfolio for an enterprise value of \$161m. These agreements are subject to conditions including regulatory approvals.

The Group remains focused on improved services, completion of the divestment of the Tourism portfolio and organic growth. The sale remains subject to regulatory approvals. The divestment was completed on 30 September 2026.

Financial performance

(As at FYE)	2026	2025	2024	2023	2022
NPAT (\$m)	63.5	54.5	58	21	52.9
UPAT (\$m)	78	61.5*	58.5*	49.6*	48.5*
Share price (\$)	4.47	3.79	5.15	7.26	5.87
Dividend (cents)	18	17.5	17.5	17	16.5
Simple TSR (%)	22.7	-23	-26.7	27.8	-36
EPS (cents)	23.4	20	21.4	9	19.3
CEO total remuneration, actual (\$m)	2.16	1.69	2.13	1.98	2.03

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year).

*Adjusted for significant items. This is a non-IFRS measure and has not been audited.

Governance and culture

Board consisted of four females and two males. The Board Chair is independent, and the majority of directors are independent.

Also, a change in REM, staged over two years and now complete, more aligns remuneration with outcomes of KMP, and adds additional clarity to shareholders of Company objectives.

Another welcome feature is a requirement for Directors and other key management personnel (KMP) to hold at least one years' worth of base cash remuneration in company shares, within 5 years. The Board Chair and Managing Director and Group CEO must have 150% of base remuneration held in Kelsian shares. This will give all KMP and Board Directors 'skin in the game'.

The Company policy is to limit Board Directors to 9 years tenure and Board Chair 12 years tenure. This is another positive development from ASA perspective.

In conclusion, we have observed that Kelsian are improving their Corporate Governance Standards to align with ASA guidelines.

Key events

Signed two-year extension for Sydney Region 6 public bus service

Awarded and commenced operations of the Queensland Ipswich and Logan bus services contract

Acquired South Wales Transport in the United Kingdom

Awarded Liverpool City Region bus franchise contracts in the UK with operations to commence in January 2027

Key board or senior management changes

Mr Neil Smith resigned from the board 28 February 2026

Mr Terry Sinclair appointed to the board on 1 September 2025

Mr Lance Hockridge resigned from the board on 31 July 2025

Sustainability/ESG

The Sustainability Report is easy to read and covers operating, employer, emissions, communities and governance. The Company has 67% female/33% male board representation, has improved Total Recordable Injury Frequency Rate (TRIFR) by 23% and now has 454 net zero buses. The Company has ambition to reduce Scope 1 emissions by 50% in 2035 and is planning 0 net Scope 1 emissions in 2050. The Group aligns with ISO27001 (Information Security Management) and ACSC (Australian Cyber Security Centre) Essential 8 Maturity Model. The report has a comprehensive Performance Table and is adequate in its presentation, but ASA would like to see a personalised Board Skills Matrix presented in the Annual Report.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

Kelsian has changed the REM materially over the last two years to better align with shareholders.

Disclosure of individual board skills is not in the report, but a board skills chart is in the Corporate Governance Report.

The company does not provide a hybrid meeting.

Cybersecurity is a formalised part of the business.

4. Rationale for Voting Intentions

Resolution 1 - Adoption of Remuneration report (For)

This report is the final response to receiving a First Strike for the REM resolution at the 2024 AGM.

The Company announced eleven changes to the Remuneration Framework, through 2025 and 2026. Some of the more notable changes are: increasing variable remuneration in the mix, an increase of deferred Short Term Incentive (STI) from 25% to 50% over two years, introducing an ROIC measure to the Long-term Incentive (LTI) hurdles, change to a structured approach, change from an all-inclusive 'Base Salary Plus' arrangement to the standard FAR, a higher weight towards financial components, lower STI component and higher LTI component, updates to safety performance and a requirement for a Minimum Shareholding Requirement for KMP. The proposals more align with ASA guidelines.

Fixed remuneration is \$868,629 for 2026 which is lower than 2025 and proposed to stay at this amount for 2027. This quantum is satisfactory considering the capitalisation and geographic spread of the company.

The maximum STI opportunity is 150% of FAR and payable in 50% cash and 50% shares. The rights are calculated using the 10-day volume weighted average price (VWAP) after the date of the Annual Report release. A detailed chart of objectives and outcomes is presented. The total STI outcomes are split 50/50 between company and personal performance measures. The STI targets and achievements are adequate and clear. A 15% safety component of the STIs may be forfeited if a death occurs, as determined by the Board, and end of employment provisions are applied.

The LTI has a maximum allocation of 102% of FAR for the CEO and lower amounts for some executives and is calculated over a three-year period. ASA would prefer four of five years. The performance rights are also calculated using VWAP. The incentive package is divided into three tranches.

Tranche 1: Earnings Per Share Annual Growth Rate (EPS CAGR): 33.3% weighting at target performance. The target for FY26 is set at 5% for 66.67% of Rights to vest. A sliding scale between 5% to 10%, after which 100% vests.

Tranche 2: Indexed Total Shareholder Return (iTSR), 33.3% at target performance. If Kelsian is less the TSR (ASX 200) then there is nil vesting. At Index TSR 66.67% vesting occurs and a sliding scale up to 10% above TSR, after which 100% vesting occurs.

Tranch 3: Return on Invested Capital (ROIC): 33.4% weighting at target performance. If the ROIC is less than WACC+1% nil vesting, WACC+1% 33.33% vesting, >WACC+1% but <WACC+2% 66.67% vesting, >WACC+2% but <WACC+4% vesting pro-rata between 66.67% to 100% and above WACC+4% 100% vested.

Non-Executive Directors (NEDs) received a 3.79% increase in FAR to \$138,458 and \$283,942 for the Chair. Also, it is now Company policy for each Director have 100% of remuneration in shares after 5 years and the Chair 150% this satisfies our policy. All Directors have at least the minimum shareholding.

A table of actual income for the CEO is included. Results of the STI are clear and the LTI is easily understood. The results for 2026, with partial vesting of STI and 50% vesting of LTI appear reasonable. Overall, Kelsian has strongly improved the company REM from previous years. Although not ideal, there are enough positive features for ASA to vote FOR this resolution.

Resolution 2 - Re-election of Director Ms. Caroline Elliot (For)

Ms Elliot has 25 years' experience in senior leadership and governance roles, with extensive expertise in strategy, governance, risk management and organisational transformation. She is also a Chartered Accountant. She currently holds positions as a non-executive director at Cettire Ltd. and Wiltrust Nominees Pty. Ltd. She is chair of Finance and Audit Committee and member of the People, Culture and Remunerations and Nominations Committee.

Ms Elliot has valuable skills for Kelsian transition stage and is considered an independent director.

Resolution 3 - Re-election of Director Ms. Jacqueline McArthur (For)

Ms Jacqueline McArthur has over 25 years' experience at executive and board level across strategy, supply chain and logistics. She presently is on the boards of Cleanaway Waste Management Ltd. and Orora Limited. Her experience is fully compatible with the Kelsian business.

Ms McArthur is the Chair of the People, Culture and Remuneration Committee and a member of the Safety, Risk and Sustainability and Nominations Committee and is considered an independent director.

Resolution 4 - Approval of Grant of FY27 Performance Rights to the Group CEO (For)

The company seeks to issue 368,503 Performance Rights under the Long-Term Incentive Plan to the Group CEO, Mr. Graeme Legh.

The details of the LTI are highlighted in the Remuneration Report and although ASA finds some fault with the details, overall, it is improvement over previous plans and is generally acceptable. It is pleasing to note that the price of the Rights is determined by a 10-day VWAP method rather than Fair Value.

This is a reasonable resolution that the company is not, by law, required to present to the shareholders. Therefore, this is good corporate governance, which ASA supports.

Resolution 5 - Approval of Grant of Restricted Rights to the Group CEO (For)

The company seeks to issue 104,336 Restricted Rights to the Group CEO, Mr Graeme Legh, under the Short-Term Incentive Plan. The details of the STI are highlighted in the Remuneration Report and although ASA finds some fault with the details, overall, it is an improvement over previous plans and is generally acceptable. It is pleasing to note that the price of the Rights is determined by a 10-day VWAP method rather than Fair Value.

This is a reasonable resolution that the company is not, by law, required to present to the shareholders. Therefore this is good corporate governance which ASA supports.

Resolution 6 - Approval of Insertion of Proportional Takeover Provisions into Kelsian Constitution (For)

ASA considers this provision to be sound corporate governance and therefore is in favour.

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FY26	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	900000	43%	900000	33%
STI - Cash	300000	14%	468000	17%
STI - Equity	300000	14%	468000	17%
LTI	624000	29%	900000	33%
Total	2124000	100.0%	2736000	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration frameworks set a maximum opportunity amount, but not all.